

304.38-040 Establishment of health maintenance organizations.

- (1) A corporation, limited liability corporation, or partnership may apply to the executive director for and obtain a certificate of authority to establish and operate a health maintenance organization in compliance with this subtitle.
- (2) Health maintenance organizations which are corporations may be organized by applying the provisions of KRS Chapter 271B, if for profit, and KRS Chapter 273, if for nonstock, nonprofit, to the extent that the same are not inconsistent with the express provisions of this subtitle.
- (3) Each application for a certificate of authority shall be submitted to the executive director upon a form prescribed by him and shall set forth or be accompanied by:
 - (a) Evidence that the applicant has been issued a certificate of need in accordance with the provisions of KRS Chapter 216B, or evidence that no certificate of need is required by KRS Chapter 216B;
 - (b) Articles of incorporation or partnership agreement in quadruplicate originals acknowledged and verified by the applicant, such as the articles of incorporation, articles of association, partnership agreement, or other applicable documents;
 - (c) The initial bylaws of the organization in triplicate (or any other similar documents);
 - (d) A statement which shall include describing the health maintenance organization:
 1. The health services to be offered;
 2. The financial risks to be assumed;
 3. The initial geographic area to be served;
 4. Pro forma financial projections for the first three (3) years of operations including the assumptions the projections are based upon;
 5. The sources of working capital and funding;
 6. A description of the persons to be covered by the health maintenance organization;
 7. Any proposed reinsurance arrangements;
 8. Any proposed management, administrative, or cost-sharing arrangements; and
 9. A description of the health maintenance organization's proposed method of marketing;
 - (e) The names, addresses, and positions of the initial board of directors, board of trustees, or other governing body responsible for the conduct of the affairs of the applicant;
 - (f) Any proposed evidence of coverage to be issued by the applicant to individuals, enrollees, groups, or other contract holders; and
 - (g) Evidence of financial responsibility as provided in KRS 304.38-060.

Effective: July 15, 2002

History:Amended 2002 Ky. Acts ch. 105, sec. 32, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 427, sec. 3, effective July 14, 2000. -- Amended 1986 Ky. Acts ch. 437, sec. 26, effective July 15, 1986. -- Amended 1980 Ky. Acts ch. 135, sec. 31, effective July 15, 1980. -- Created 1974 Ky. Acts ch. 357, subtit. 38, sec. 4, effective June 21, 1974.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.